PENNINGTON ENGINEERING COMPANY,
Petitioner,

vs.

HOUDE ENGINEERING CORPORATION,
Respondent.

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In the Supreme Court of the United States

OCTOBER TERM, 1943.

No. . . . . .

PENNINGTON ENGINEERING COMPANY,
Petitioner,

vs.

HOUDE ENGINEERING CORPORATION,
Respondent.

PETITION FOR THE WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

To the Honorable, The Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Pennington Engineering Company, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit, to review a final judgment entered by that court on June 12, 1943 (R. 1247).

JURISDICTION.

Jurisdiction is conferred by U. S. Code, Title 28, Sec. 347 and U. S. Code, Title 28, Sec. 350, the writ being applied for "within three months."

SUMMARY AND SHORT STATEMENT OF THE MATTERS INVOLVED.

The purpose of this petition is to bring before this Court for review a decision of the Circuit Court of Appeals for the Second Circuit, affirming a final judgment of Judge Knight in the District Court for the Western District of New York, in a suit by petitioner against the respondent.

By this suit petitioner sought to recover (a) for respondent's infringement of petitioner's patent to Pennington No. 2,009,677 granted July 30, 1935, for shock absorber for motor vehicles and (b) for respondent's unlawful use of petitioner's patented shock absorber and other unpatented matters following confidential disclosure thereof to respondent. The patent in suit (R. 753) is a continuation in part of an earlier filed patent No. 2,009,676 (R. 777) and has an effective filing date of November 19, 1928. Only claims 27, 28 and 37 of patent 2,009,677 are relied upon, and for the purpose of this petition only claim 37 need be considered.

Following trial, Judge Knight, on January 21, 1941, filed an opinion (R. 984) finding the patent claims in suit valid and infringed and that plaintiff was entitled to recover for breach of confidence. However, on March 5, 1941, Judge Knight granted respondent's motion for reopening and, following reopening and rehearing, Judge Knight, on December 16, 1941, filed an opinion (R. 1187) in which he placed a very narrow construction upon the Pennington claims in suit and completely reversed his former rulings that the claims were infringed and that petitioner was entitled to recover for breach of confidence. Thereupon was entered the final judgment from which appeal was taken by petitioner to the Circuit Court of Appeals.

The appeal was heard by Circuit Judges Learned Hand, Chase and Frank and was submitted February 4, 1943. On May 21, 1943, the court filed majority and dissenting opinions. In the majority opinion Judges Chase and Frank joined in affirming the judgment of the District Court and in the dissenting opinion Judge Hand found the claims infringed and valid, characterizing the Pennington invention as "revolutionary." He did not comment upon the breach of confidence issue. On June 10, 1943 the Circuit Court of Appeals denied a petition for rehearing, without opinion.

As will later be more fully pointed out, petitioner considers that the judgment and the majority opinion of the

Court of Appeals are in radical conflict with the established law controlling the construction of patents and the determination of infringement and with the established law respecting unauthorized use of confidential matters and, with respect to crucial matters of fact, are contrary to the evidence and without substantial support therein.

Proceedings in the Trial Court.

Petitioner's reasons (hereinafter stated) for the grant of the writ rest in essential part upon the fact that the majority opinion of the Court of Appeals improperly set aside an important finding of fact by the District Court relative to the nature of the patented invention before the court; and accordingly the consideration by this Court of certain of the proceedings in the courts below and of petitioner's grounds for the grant of the writ requires some understanding of petitioner's patented device, of respondent's accused device and of the relevant prior art. Hence these matters will be briefly summarized.

Petitioner's patented subject matter relates to vane-type hydraulic shock absorbers for automobiles. Shock absorbers are friction devices interposed between the wheel axle and the spring-suspended body of the car and serve to resist unduly rapid and wide movement of the car body and suspension springs when the springs are suddenly compressed as the wheels encounter bumps in the road surface. The hydraulic absorber comprises a cylindrical working chamber (usually rigidly attached to the spring-supported car body or chassis frame—see Fig. 1, R. 778) and piston means movably mounted in the chamber and operatively connected by crank and link to the wheel axle. In the present case the piston takes the form of a vane extending radially from a hub or shaft part and is mounted to swing about the axis of the cylindrical working chamber. Some designers, like Pennington, have employed a single vane while others, like Houde, have used a duplicate or

double vane. In both cases the working chamber structure must provide two abutment surfaces extending from the cylindrical peripheral wall of the chamber to points closely adjacent the hub part of the vane, and the vane swings back and forth between these abutments. In this movement the vane forces the working liquid (e.g. oil) through a restricted passage leading from one side to the other of the vane. The frictional resistance to this liquid flow opposes (and regulates) the movement of the vane and of the axle and spring parts to which the vane shaft is connected and, in so doing, absorbs the road shocks by converting the energy of the shock into heat which in turn is dissipated to the surrounding atmosphere.

In the operation of these absorbers very high hydraulic pressures are generated, because the forces at times are large, and at the same time practical considerations dictate a moderate size and low cost for the instrument. To permit the building up of such pressures the absorber must be strong and the vane must have a highly accurate, close working fit in the working chamber. Also the supporting bearings of the vane must maintain this nice working fit without wear of the cooperating vane and casing surfaces because such wear would increase the clearance between the vane and casing, and leakage past the vane increases approximately as the cube of that clearance. It follows that it is vital to have a highly accurate axial alignment of the cooperating cylindrical surfaces of the vane and of the working chamber.

As for the prior art, the record shows that prior to Pennington's invention the hydraulic working chamber for the vane had usually consisted of a cup-shaped member, a plate for closing the mouth of the cup (so as to form a cylindrical chamber) and separately-formed hydraulic abutment means. The abutment means had to withstand the heavy hydraulic pressures of the device and the working chamber so made presented serious manufacturing diffi-

culties which beset the industry for many years. The prior art construction of respondent had its origin in the design by the Frenchman Houdaille shown in U. S. patent 1,087,017 (R. 817) and is well shown by Shultz patent 1,627,810. In the latter patent the abutment structure is shown in Fig. 6 (R. 907). The forming of this abutment part and of the cooperating casing part and the assembly of the abutment in the working chamber with the high degree of accuracy, the leak-proof joints and the low cost that are requisite, presented a very difficult problem of manufacture. The evidence adduced at trial shows that respondent and other prior art workers struggled for years with the problem. Judge Hand, in his dissenting opinion, states it thus: "Again and again it (respondent) tried in one way after another to fix separate abutments into the chamber; and again and again it failed. These were not the fumblings of a tyro, but the best skill of the leader in this particular branch of the industry. Besides these experiments the Patent Office was littered with other intermediate efforts, all equally unsuccessful." (R. 1245.)

Pennington, in 1928, found a complete solution of the problem in which he formed the walls of the working chamber in three parts (Fig. 1, parts 1, 2 and 3, R. 754) instead of two parts and made the abutment integral with the intermediate, peripheral wall member or part. Pennington chose to use the single-vane type of construction. A three-part working chamber structure had been *proposed* some eight years earlier in Sutton patent 1,341,395, a double vane construction (R. 1181), and, a little later, in Taylor patent 1,438,507, a single vane construction (R. 825), and respondent's witnesses testified (R. 342-343, 349, 350, 454) that they had "considered" the use of such an intermediate wall member as early as 1927, and in the period from 1927 to 1931 respondent made repeated unsuccessful efforts to produce such a three-part structure by molding or casting the intermediate part.

Vital defects in the proposals of Sutton, Taylor and respondent were lack of any proven way of forming the interrupted internal cylindrical surfaces of the intermediate member with the requisite accuracy, lack of any known means for securing the three casing parts fixedly together in axial alignment with the high degree of accuracy required, and lack of simple and effective means for recovering working liquid leaking through the multiple joints of the three part casing.

In 1927 respondent had contracted with the Ford Motor Company to supply absorbers for all Ford cars (R. 437). This enormously increased respondent's production and from 1927 to 1931 respondent was under correspondingly increased pressure to solve the problem in question.

On January 19, 1931 (at a time when respondent's last effort to solve the abutment problem was proving unsuccessful), four responsible members of respondent's organization came to Cleveland and received from petitioner a comprehensive and detailed disclosure of both (a) the Pennington shock absorber of the patent in suit and (b) petitioner's novel methods and devices for manufacturing it. The vehicles for this disclosure included a drawing of petitioner's (R. 805) and a specimen absorber (physical Exhibit 8). The disassembled parts of this specimen are shown in the top horizontal row of a photographic exhibit (R. 811). This disclosure on January 19 was made to enable respondent to consider whether it would purchase the Pennington invention and was made under conditions which rendered the disclosure confidential. Very soon (about 90 days) after the January, 1931, disclosure respondent, without the knowledge of petitioner, started manufacture of its accused shock absorbers, gradually converted its entire (and very large) production for original equipment purposes to the new construction, and only stopped such production when sued by petitioner, at the end of 1938. Stipulated specimens of the accused absorb-

ers are shown by three exhibit drawings (R. 802, 803, 804) and two of them are shown disassembled in the second and third horizontal rows of the photograph (R. 811).

At trial respondent in its defense strongly urged that the Pennington patented invention is limited to the single vane construction. This the petitioner strongly denied and the matter became a major issue to which the trial judge gave very close attention.

The trial judge discussed this issue and evidence bearing upon it in his opinion following the original trial (R. 991-992), and concluded "that the disclosures in the patent are sufficient to include the double vane construction." Following rehearing the trial judge made finding No. 18 (R. 1220) consistent with the above conclusion. It is this finding which the Court of Appeals has set aside.

The trial judge recognized that the invention of the claims in suit is a combination of mechanical elements, and he found the claims in suit not anticipated (R. 1191-2).

The trial judge read unexpressed limitations into the claims and found the claims, so construed, not infringed.

Opinions of the Circuit Court Judges.

The majority opinion of the Circuit Court, in agreement with the trial judge, finds the combination of the claims in suit not anticipated (R. 1238).

The finding of no anticipation is, of course, a finding that the combination constituting the invention is novel, yet the majority opinion of the Circuit Court gives no indication that the majority judges made any definite determination of the scope and importance of the novelty and the corresponding range of equivalents such as are essential to a proper determination of the question of infringement.

Also, notwithstanding that the Pennington invention consists in a novel combination of elements, the majority opinion of the Circuit Court justifies its conclusion of non-infringement by pointing out various single elements of

the combination in the prior art (R. 1242-1243). For example, the majority opinion says (R. 1243) that while respondent's ring member with integral abutments "was a fair equivalent of Pennington's abutment-bearing middle casing member," it was old "to use a casing member with integral abutments in such hydraulic shock absorbers. Sutton showed that in his patent No. 1,341,395."

Again, the majority opinion, following the lead of the trial court, but for different reasons, reads into the claims in suit limitations, not expressed therein, to the specific dowel and cap screw securing means shown in the patent.

Also, as a basis and justification for reading such unexpressed limitations into the claims, the majority opinion finds (R. 1242-1243) that the Pennington invention is limited to the single-vane type of construction; and, as justification for this latter conclusion, the majority opinion further finds, in effect, that the problem of axial alignment (admittedly solved by Pennington) was not present in respondent's accused structures. The majority opinion summarizes these findings in the statement that the Pennington patented device and the accused shock absorbers "differ widely in the respects which are decisive in this suit" and concludes, as a matter of law: "That does away with the substantial sameness of means and result which must be proved to make out the infringement of a new combination of old elements."

Finally, the majority opinion concludes that: "As the defendant did not infringe, the cause of action based on the allegations as to the confidential submission of the invention was not made out."

QUESTIONS PRESENTED.

The questions presented are:

1. Whether, as petitioner avers, the majority judges of the Circuit Court of Appeals erred by construing the claims in suit in a manner in conflict with the established applicable law.

2. More specifically, whether the said majority judges, as petitioner avers, erred by failing to determine definitely the scope and importance of Pennington's admittedly novel contribution to the industry as a necessary basis for determination of the range of equivalents to be accorded the claims in suit.

3. Whether, as petitioner avers, the majority judges in considering the Pennington invention and respondent's accused construction erred in disregarding the clear objective evidence of the prior art history showing, first, the long and unsuccessful struggle of the skilled prior art workers to solve the problem admittedly solved by Pennington and, second, the four years of unsuccessful effort by respondent to produce a solution of the specific character that it finally adopted (accused construction) after Pennington had shown it how.

4. Whether, as petitioner avers, the majority judges acted erroneously and in conflict with established law in justifying respondent's accused construction as non-infringing by piecing together its admittedly novel combination of elements by selecting individual elements thereof from different prior art sources.

5. Whether the majority judges, as petitioner avers, in justifying the respondent's accused construction as deducible (without invention) from the prior art, erred in disregarding the fact that respondent applied for and secured Peo Reissue Patent No. 19,631 (R. 872) covering that construction.

6. Whether, as petitioner avers, the majority judges erred in finding the Pennington invention limited to the single-vane type of construction and thereby setting aside formal finding of fact No. 18 of the District Court.

7. Whether, as petitioner avers, the finding by the majority judges that the axial alignment problem admittedly solved by Pennington was not present in respondent's accused construction, is erroneous and contrary to the evidence and without support therein.

8. The ultimate, inclusive question whether the finding by the majority judges of non-infringement was, as petitioner avers, erroneous and contrary to the applicable law and the evidence in the case.

9. Whether the ruling of the majority judges on petitioner's claim for breach of confidence was, as petitioner avers, erroneous and in crucial conflict with the applicable law.

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The discretionary power of this Court to grant the writ of certiorari is invoked upon the following grounds within the contemplation of Rule 38 of the rules of this Court:

1. That the majority judges of the Circuit Court of Appeals in passing upon the issue of infringement read into the claims in suit limitations which are not required by the nature of the invention claimed or by the state of the prior art and which are contrary to the intent of the patentee expressed in the patent; and they thereby construed the claims in a manner probably in conflict with fundamentally important decisions of this Court, as well as numerous decisions of the various Circuit Courts of Appeals, and particularly the decisions of this Court in *Eibel Process Co.*, 261 U. S. 45, 63; *Smith v. Snow*, 294 U. S. 1, 13-14, and *Symington Co. v. National Malleable Castings*

Co., 250 U. S. 383, 385; and *Imhaeuser v. Buerk*, 101 U. S. 647, 660.

2. That the limitation, by the majority judges of the Circuit Court of Appeals, of the claims in suit to the single-vane type of construction is contrary to the evidence in the case and without substantial support therein, sets aside the District Court's finding No. 18 without justification and in breach of Rule 52(a) of the Federal Rules of Civil Procedure, and thereby so far departs from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

3. That the ruling by the majority judges of the Circuit Court of Appeals that "As the defendant did not infringe, the cause of action based on the allegations as to the confidential submission of the invention was not made out" is in conflict with the decisions of this Court, particularly *Becher v. Contoure Laboratories*, 279 U. S. 388, 391; *DuPont v. Masland*, 244 U. S. 100, 102; *Board of Trade v. Christie Grain & Stock Co.*, 198 U. S. 236, 250, 251.

PRAYER.

Wherefore your petitioner respectfully prays that the writ of certiorari be issued to the United States Court of Appeals for the Second Circuit to the end that this cause be reviewed by this Court, that the judgment of the Circuit Court of Appeals be reversed; and that petitioner have such other and further relief as may be proper.

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